

The complaint

Mr W complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr W is being represented by a third party. To keep things simple, I will refer to Mr W throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr W found an advertisement online for cryptocurrency investment. The advertisement was endorsed by a well-known celebrity which made the opportunity appear legitimate. Mr W clicked on the link provided and completed a form with his personal information.

Shortly after providing his details Mr W received a call from Current Coins (X). X explained the investment opportunity and Mr W started to make payments in relation to the investment. Mr W was required to download the remote access software AnyDesk so X could assist him with the processes.

Mr W could see he had made a substantial profit from the investment and attempted to make a withdrawal. But X explained Mr W would first need to make a further payment of £15,000 to an escrow account to show liquidity. At this stage Mr W realised he had fallen victim to a scam.

Mr W made the following payments in relation to the scam from his account with Revolut:

| <u>Date</u> | <u>Payee</u> | <u>Payment Method</u> | <u>Amount</u> |
|-----------------|------------------|-----------------------|---------------|
| 4 February 2023 | Binance | Debit Card | £995 |
| 6 March 2023 | Binance | Debit Card | £4,000 |
| 8 March 2023 | Binance | Declined | £20,000 |
| 9 March 2023 | Binance | Debit Card | £19,999 |
| 10 March 2023 | Skrill | Transfer | £50 |
| 10 March 2023 | Skrill | Transfer | £19,850 |
| 11 March 2023 | Skrill | Credit | £19,850 |
| 11 March 2023 | SatoshiDeals UAB | Transfer | £19,800 |
| 13 March 2023 | SatoshiDeals UAB | Transfer | £10,000 |
| 13 March 2023 | SatoshiDeals UAB | Transfer | £17,200 |
| 14 March 2023 | SatoshiDeals UAB | Transfer | £10,300 |
| 4 April 2023 | SatoshiDeals UAB | Transfer | £20,000 |
| 4 April 2023 | SatoshiDeals UAB | Transfer | £7,500 |
| 5 April 2023 | Cryptopay.me | Debit Card | £10 |
| 5 April 2023 | Cryptopay.me | Debit Card | £2,643 |

In my provisional decision sent on 1 July 2024 I explained why I didn't think Revolut was

responsible for Mr W's loss, and why this complaint shouldn't be upheld. I said:

"It has not been disputed that Mr W has fallen victim to a cruel scam. The evidence provided by both Mr W and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr W lost due to the scam.

Recovering the payments Mr W made

Mr W made payments into the scam from his Revolut account via the method of transfer and via his debit card.

Revolut had limited options available to it for the payments Mr W made by transfer. Revolut could have asked the receiving account operators to refund any funds that remained in the account Mr W had made payments to, but Mr W made the payments to legitimate cryptocurrency exchanges, and the funds were then moved to the scammer. Therefore, I think it's unlikely any funds would remain, and if they did, they would remain within Mr W's control.

When payments are made by card the only recovery option Revolut has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr W was dealing with X, which was the business that instigated the scam. But Mr W didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges. This is important because Revolut would only have been able to process chargeback claims against the merchant he paid, not another party (such as X).

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr W's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Mr W paid.

Should Revolut have reasonably prevented the payments Mr W made?

It has been accepted that Mr W authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr W is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have been aware of the scam and intervened when Mr W made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

The payments Mr W made into the scam were significant in value. Revolut has shown it gave Mr W generic warnings when he made some of the payments but given the value of

the second payment Mr W made into the scam (£4,000) I think it would be reasonable to expect Revolut to have intervened giving a more tailored warning about the cryptocurrency scams. Considering the value of the payments that took place following this I think it would also be reasonable to have expected Revolut to have intervened when these payments were made.

However, I don't think it would have made a difference if Revolut had intervened when Mr W attempted to make any of the payments in relation to the scam, I say this because:

- Mr W opened his account on 3 February 2023 and gave the reasons for opening the account as spending abroad, overseas transfers, cashback, and transfers, yet the account was only ever used to make payments in relation to cryptocurrency.*
- When Mr W gave a reason for his payments he selected "product or service".*
- Mr W was asked if the product or service was advertised on a social media platform, or had a small number of reviews, he said "no"*

When we asked Mr W why he gave the above information to Revolut he told us he was told by X to answer in this manner to make sure the payments went through. He also said he couldn't get a direct answer from X as to why he had to answer in this way.

In addition to what I have said above, the funds Mr W sent from his Revolut account originated from an account he held elsewhere. When Mr W made one of the payments from that account to Revolut an intervention took place via telephone call.

Mr W was told that the payment he was attempting to make had flagged as high risk. Mr W was then questioned and confirmed that:

- he had recently opened the account with Revolut for travelling as it offered better commission rates and he had not opened the account for any other reason*
- he had recently visited relatives abroad and would be travelling again*
- he had found the account himself online after carrying out his own research*
- he had not been asked to setup the Revolut account or make payments to it*
- although he had given the reason for the payment as "investment" he was not making the payment for investment purposes*
- he had not been asked to lie when making the payment*

Mr W was asked several times about the reason for his payment, and he confirmed every time that the payment was not for an investment.

Even though Mr W confirmed several times that the payment was not for an investment he was still warned that there had been an increase in investment and crypto scams, and he was asked if the payment was in relation to any of these. Mr W confirmed that it wasn't.

I think it's clear from the information above that Mr W was willing to go along with the advice given by X to mislead Revolut to have the payments processed. I don't think Mr W would have been more honest had Revolut given a more tailored warning or questioned Mr W about the payments he was making. This would have made it difficult for Revolut to uncover the scam.

As Mr W was willing to be dishonest to make the payments, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Mr W's loss."

I gave Mr W and Revolut time to respond to my provisional decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr W did send a response to my provisional decision. Mr W explained his understanding of our approach and quoted several other previous decisions that have been made by our service.

While I appreciate what Mr W has said, each case is considered on its own individual merits, so the outcome of these cases does not affect my decision.

Overall, Mr W has said that a detailed intervention with open ended questions would have uncovered the scam and prevented Mr W's loss. He says the answers he gave were not plausible and this should have been noticed during an intervention.

While I take onboard what Mr W has said it doesn't change my decision on this complaint. As I explained in my provisional decision, Mr W was asked several questions about the payments he was making and gave dishonest answers. He was specifically asked on multiple occasions if the payments were in relation to an investment and he said they weren't.

It's clear from the available evidence that Mr W was determined to make the payments and willing to give dishonest answers for them to be processed. This would have made it very difficult for Revolut to uncover the scam so it would not be fair to hold Revolut responsible for Mr W's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 2 September 2024.

Terry Woodham
Ombudsman